

## **EXHIBIT A-1**

# **EXHIBIT A**

**From:** Gourd, Will [mailto:will.gourd@lehman.com]  
**Sent:** Tuesday, June 19, 2007 4:21 PM  
**To:** John Liu  
**Subject:** RE: Cash Management Presentation

Here you go John.  
Please let me know if there is anything else we can provide you as you go through this decision process.  
Best,  
Will

---

**From:** John Liu [REDACTED]  
**Sent:** Tuesday, June 19, 2007 4:10 PM  
**To:** Gourd, Will  
**Subject:** Cash Management Presentation

William,

Could you please forward me by email a copy of your Presentation?

Thanks,  
John Liu

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Greenhill & Co. LLC.

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Greenhill & Co. LLC.

WILLIAM C. GOURD  
MANAGING DIRECTOR  
PRIVATE INVESTMENT MANAGEMENT

June 1, 2007

Mr. John D. Liu

Dear John:

Thank you for the opportunity to present our recommendations for the investment of \$400MM in short-term cash/fixed-income securities. From our conversation, we understand that our proposal should be for a New Jersey domiciled family that is subject to the highest Federal tax bracket (and not subject to the Alternative Minimum Tax). We also understand that the nature of the investments that we should be considering for these funds is to be of extremely high quality with a relatively short duration (initially 1-60 days).

The strategy that we would employ to invest these funds would be one that seeks to provide market prevailing yields through the purchase of high-credit-quality securities that have substantial liquidity. We note that prior to selecting specific issues and coming to a final proposal, we feel that it is important that the family consider what type of investments they might want to consider (or exclude) from such a portfolio, how far down the credit spectrum they might want to go and what concentration limits they wish to incorporate. In essence, we think that it is critical that we work together to draft some guidelines regarding the investment of these funds. With this letter, I have included a "Sample Investment Policy" that might be helpful as the family thinks about these issues. We have used this Investment Policy as a guide for the construction of the sample portfolio that we have included with this letter.

With the understanding that certain criteria need to be met as it relates to the family's objectives for these funds (which we understand to be safety of principal, liquidity and yield) we have included for consideration the use of Institutional Money Market Funds, U.S. Treasuries and Government Agency Securities, Tax-Free Auction Rate Securities, Variable Rate Demand Notes, Commercial Paper, Municipal Notes and Corporate Debt Obligations. From the rate sheet that I have included with this letter you can see those securities which offer the greatest after-tax yield along the short end of the curve (as they are highlighted in yellow). The resulting sample portfolio holds approximately 35% Tax Exempt Variable Rate Demand Notes and 65% Tax Exempt Auction Rate Securities. This sample portfolio is structured to produce an average after-tax yield of 3.64% (please note that these rates are effective as of 6/1/2007).

In reviewing the portfolio, you will notice that it is comprised of both New Jersey and "General Market" tax-exempt issues. Despite the fact that the after-tax yield of the New Jersey paper averages somewhere around 10 basis points more than what is being offered out of state, we feel it prudent to have funds invested in multiple states to provide greater diversification. We also note that short dated New Jersey issuance is scarce in supply in larger block positions and building out an entire NJ state specific portfolio

might take some time while at the same time it would go against our recommendation for portfolio diversification. The issues that we have selected are all rated by both Standard & Poor's and Moody's Investor Services and you will notice on the bottom of the proposal that the portfolio carries an average rating of AA.

Because we anticipate that the Fed will hold short term rates (Federal Funds Rate) at 5.25% for the balance of the year, we are recommending that most short duration portfolios be weighted with shorter-term investments (less than 90 days). Although some issues in our proposed portfolio have maturities that will take place over the next 3 months, the weighted average maturity of this portfolio is in the 30 day range which we believe should be able to accommodate what we understand to be the current liquidity needs of the family. The duration of this portfolio can certainly be adjusted to meet any change in needs but as you can see from the current rates, one is not being compensated in the current market environment for going out on the yield curve (AAA 7 day paper is yielding as much as AAA 30 day paper).

By way of background, the team that we use to advise our cash-management clients is a dedicated group of seven professionals whose sole and exclusive focus is on fixed-income portfolio management. Given their position within the firm (where they act as the liaison between our Cash Management Group and the Investment Bank), they have direct access to Lehman Brothers' proprietary fixed-income offerings. Every transaction that they make is monitored to assure compliance with the client's Investment Policy. This group will provide comprehensive (FASB-115 and GAAP compliant) month-end reporting which can be delivered electronically on the second business day following month-end and any additional audit-related inquiries at month-end, quarter-end or intra-period will be addressed thoroughly and on a timely basis. Clients and their advisors also have 24-hour access to their portfolio positions through LehmanLive (where they may also access the Firm's research online).

There are no fees associated with Lehman Brothers cash management services. All investment, portfolio monitoring, safekeeping of securities, wire transfers and accounting services are completely free of charge. Our firm is compensated through 1) the bid/offer spread on issues purchased in the secondary market and 2) from the issuers of securities that are purchased in the primary market. The "advertised" yield as highlighted on the sample portfolio is the yield that the client receives.

John, I hope the information that I have provided you in this letter addresses most of the issues that you think the family might have regarding our investment management process. With this letter I have also included a little information about "Working with Lehman Brother' Private Investment Management Group" and our team in particular. In this presentation material we have included a list of several clients who have agreed to serve as references. While this information is being released with their acknowledgements, I ask that it is held in confidence. You should feel free to reach out to any of these individuals but before doing so, I ask that you let me know of your intentions so that I might alert them of your call. I will attempt to follow up with you next week to address any questions you might have. In the meantime feel free to give me a call for any reason.

I look forward to speaking with you soon.

Sincerely,

# LEHMAN BROTHERS

Where vision gets built.

## Proposed Tax-Exempt Investment Portfolio \$400mm

Rates as of 6/1/2007

Quantity	Issuer	Rating	Maturity	Coupon	After Tax Yield
\$20,000,000	Chicago Water Authority	Aaa /AAA	7 Days	3.80%	3.58%
\$20,000,000	Waco Texas Education	Aaa/ AAA	7 Days	3.80%	3.58%
\$20,000,000	Detroit Michigan Water	Aaa/ AAA	7 Days	3.80%	3.58%
\$20,000,000	Colorado Housing	Aaa /AAA	7 Days	3.80%	3.58%
\$20,000,000	University of North Florida	Aa3 / AA-	7 Days	3.86%	3.63%
\$20,000,000	NJ Housing Authority	Aa2 / AA	7 Days	3.80%	3.80%
\$20,000,000	Virginia Port Authority	Aa3 / AA	7 Days	3.87%	3.64%
\$20,000,000	Chicago Education	A2 / A+	7 Days	3.90%	3.67%
\$20,000,000	Georgetown University	Aaa /AAA	35 Days	3.80%	3.58%
\$20,000,000	NJ Transportation Auth.	Aaa/ AAA	35 Days	3.75%	3.75%
\$20,000,000	NJ University of Medicine	Aaa/ AAA	35 Days	3.60%	3.60%
\$20,000,000	Orlando Hospital	Aa2 / AA	35 Days	3.84%	3.62%
\$20,000,000	Tufts University	Aa3 / AA-	35 Days	3.85%	3.63%
\$20,000,000	Wesleyan University	Aa3 / AA	35 Days	3.85%	3.63%
\$20,000,000	Boston College	Aa3 / AA-	35 Days	3.90%	3.67%
\$20,000,000	Georgia Power	A2 / A	35 Days	3.95%	3.72%
\$20,000,000	Alabama Utilities	A2 / A	35 Days	3.95%	3.72%
\$20,000,000	New York State Energy	Aaa/ AAA	3 Month	3.80%	3.58%
\$20,000,000	Texas GO	Aa1 / AA	3 Month	3.82%	3.60%
\$20,000,000	California GO	A1 / A+	3 Month	3.82%	3.60%
Averages		Aa2 / AA Average Credit	32 Day Average Maturity	3.84% Average Yield	3.64% After Tax Yield

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Prepared by: Sandy Haber & Ken O'Connell

# Sample Investment Policy

## I. PURPOSE:

The purpose of this policy is to establish guidelines to be adhered to in investing the cash. The investment objectives must be met through:

- A. Preservation of Principal.
- B. Meeting all liquidity requirements.
- C. Providing a competitive rate of return.

## II. DEALER QUALIFICATION:

Only investment entities which have total capital in excess of \$1 billion and are members of SIPC (Securities Investor Protection Corporation) are authorized. Dealers are to provide safekeeping services and are expected to provide comprehensive month-end reporting.

## III. APPROVED SECURITIES: Approved Securities are limited to the following:

- ◆ Obligations of the US Treasury, obligations issued by US Agencies, and obligations guaranteed by the US Government.
- ◆ Corporate Debt Obligations including but not limited to: Commercial Paper, Corporate Bonds, Medium Term Notes, Eurobonds and Floating Rate Notes. All securities must be issued in US Dollars.
- ◆ Certificates of Deposit, Time Deposits, Bankers Acceptances, Eurodollar Deposits, Money Market Funds, Repurchase agreements.
- ◆ Auction Rate Securities (taxable, tax-free & tax-advantaged) whose liquidity is provided periodically via the Dutch Auction mechanism.
- ◆ Municipal Notes/Bonds, Variable Rate Demand Notes (VRDNs).



# Sample Investment Policy

## IV. INVESTMENT CREDIT QUALITY:

All portfolio holdings are subject to the following minimum credit rating by at least one major rating agency:

(Moody's, Standard & Poors, Fitch IBC).

- ◆ US Treasuries and Agencies - N/A.
- ◆ Corporate Debt - A1/P1 short term, A3/A- long term.
- ◆ CDs, BAs, Time Deposits - A3 or A+.
- ◆ Municipal Obligations - VMIG-1 or A.
- ◆ Auction Rate Securities - A3/A-.

## V. INVESTMENT MATURITIES:

- ◆ Maximum final maturity not to exceed 1 year (for Auction Rate Securities, the final maturity corresponds to the next reset date).
- ◆ Average life of the portfolio not to exceed 6 months.

## VI. CONCENTRATION LIMITS:

- ◆ US Treasuries & Agencies - no limit.
- ◆ Money Market Funds - no limit.
- ◆ No position in any individual issuer is to exceed 10% of the portfolio.
- ◆ No position shall exceed 20% of an outstanding tranche.

Authorized Individual

Date

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## Investment Grade Ratings

### MOODY'S

Aaa  
Aa1  
Aa2  
Aa3  
A1  
A2  
A3  
Baa1  
Baa2  
Baa3

### S&P

AAA  
AA+  
AA  
AA-  
A+  
A  
A-  
BBB+  
BBB  
BBB-

Confidential Presentation

## Cash Management

## Safety – Liquidity – Yield

Jason Goldstein  
Reporting Specialist  
212-526-2208

Neil J. Greenspan  
Associate  
212-526-1408

Blair E. Mettraller  
Associate  
212-526-4934

Bobby V. Koley  
Trader  
212-526-1559

Jeffrey E. Chernick  
Portfolio Manager  
212-526-7772

Sanford A. Haber  
Senior Portfolio Manager  
212-526-7449

# LEHMAN BROTHERS

## Table of Contents

- I. Lehman Brothers Cash Management
- II. Lehman Brothers Qualifications
- III. Lehman Brothers Client Reporting Sample Pages

LEHMAN BROTHERS

## Lehman Brothers Cash Management

## Cash Management Solutions

Lehman Brothers' Cash Management Group has a single focus on developing and implementing cash management services for individuals and institutions with the following objectives:

- ◆ Capital Preservation
- ◆ Effective Liquidity Management
- ◆ Maximized Investment Performance across diversified products in various market environments

### Benefits Lehman Brothers' clients enjoy

- ◆ Dedicated team of professionals exclusively focused on providing corporate cash management services
- ◆ Assessment of investment goals and needs
- ◆ Development of written investment guidelines
- ◆ Consideration of tax implications
- ◆ Development and implementation of customized investment strategies
- ◆ Customized portfolio reports (FASB 115 compliant) delivered electronically on the first business day of clients' month-end close
- ◆ Direct access to Lehman Brothers proprietary fixed income products
- ◆ Industry-leading technology applications allowing online access to account activity and holdings as well as Lehman Brothers' Global Fixed Income and Equity Research
- ◆ Timely economic updates
- ◆ NO management fees, wire transfer fees or fees for safekeeping the securities

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## Why Lehman Brothers?

### Reasons to partner with Lehman Brothers, a leading fixed income and investment banking franchise for corporate cash solutions

- ◆ Firm recognition and momentum
  - Client-driven approach generates unique solutions
  - Partner with clients to help build their own unique vision and ideas
- ◆ Leading presence in asset management and in particular short-term fixed income asset management
  - Leading provider of Cash Management solutions
  - Highly experienced team of over 50 professionals, comprised of regional coverage and institutional asset management teams
  - Approximately \$30 billion in money market assets managed <sup>(1)</sup>
- ◆ Leading player in fixed income markets
  - Insight on opportunities across the yield curve and market sectors
  - Perspective on peer group and new products and services
- ◆ Expertise in corporate cash management products
  - #1 Global Commercial Paper dealer <sup>(2)</sup>
  - Leading Auction Rate Securities dealer (Lehman arranged first ARS deal in 1984)
  - Top 2 U.S. Federal Agency underwriter <sup>(3)</sup>
- ◆ Ability to deliver capital to our clients
  - Top 5 U.S. Corporate bond underwriter <sup>(3)</sup>
  - Top 5 U.S. Equity underwriter <sup>(4)</sup>
  - Top 5 U.S. Municipal bond underwriter <sup>(3)</sup>

1. Represents total money market client assets, as of 9/30/05.

2. Lehman Brothers, Bloomberg, CPWare, as of 9/04.

3. Thompson Financial, as of 8/1/05.

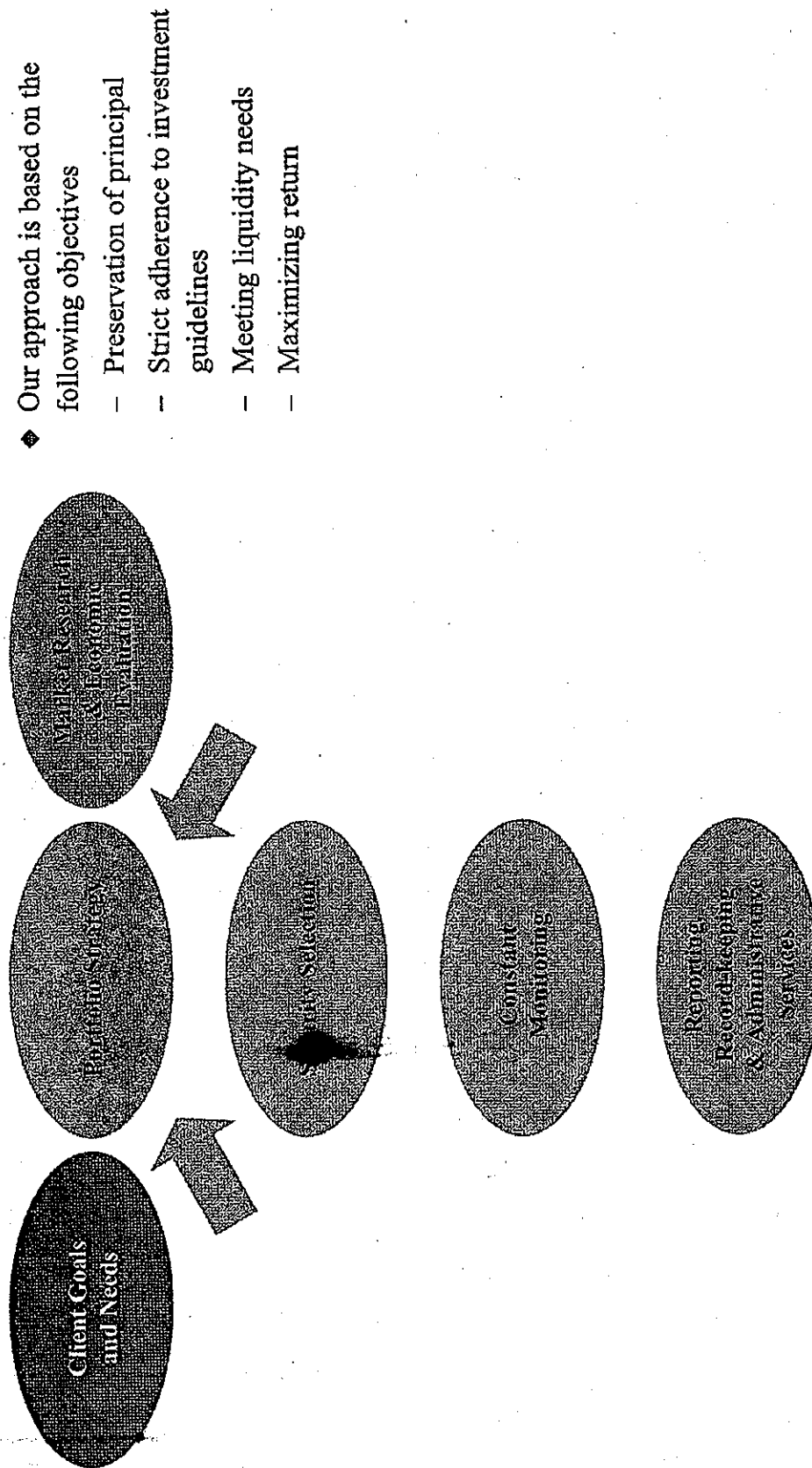
4. SDC, as of 1/1/9/04.

Note: Past performance is not indicative of future results.

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# Lehman Brothers Cash Management

## Our Approach to the Investment Process





## Lehman Brothers Qualifications

# Lehman Brothers Cash Management Qualifications

Lehman Brothers provides clients with a broad range of cash management services

## Experienced Team

- ◆ Highly experienced team of over 50 professionals, comprised of regional coverage and institutional asset management teams
- ◆ Extensive experience servicing corporate treasury and other cash management clients

## Assets Managed

- ◆ Approximately \$30 billion in short-term client assets as of 9/30/05
  - \$17 billion of assets managed in institutional asset management accounts (Money Market Funds advisory and Separate Accounts)
  - \$13 billion of client assets in corporate cash brokerage accounts

## Institutional Orientation

- ◆ Focus on servicing both individual and corporate cash customers
- ◆ Over 400 cash clients
- ◆ Extensive institutional fund offering: Lehman Brothers Institutional Liquidity Fund complex (Cash, Prime, Treasury), Lehman Brothers Enhanced Cash Fund complex and other sub-advised funds
- ◆ Customized Separate Accounts

## Track Record

- ◆ Taxable fund management team manages top decile ranked prime money fund in gross performance the YTD period ended 9/30/05 <sup>(1)</sup>
- ◆ Municipal fund management team manages several highly-ranked municipal funds, including general municipal and state specific funds

## Leading Fixed Income Franchise

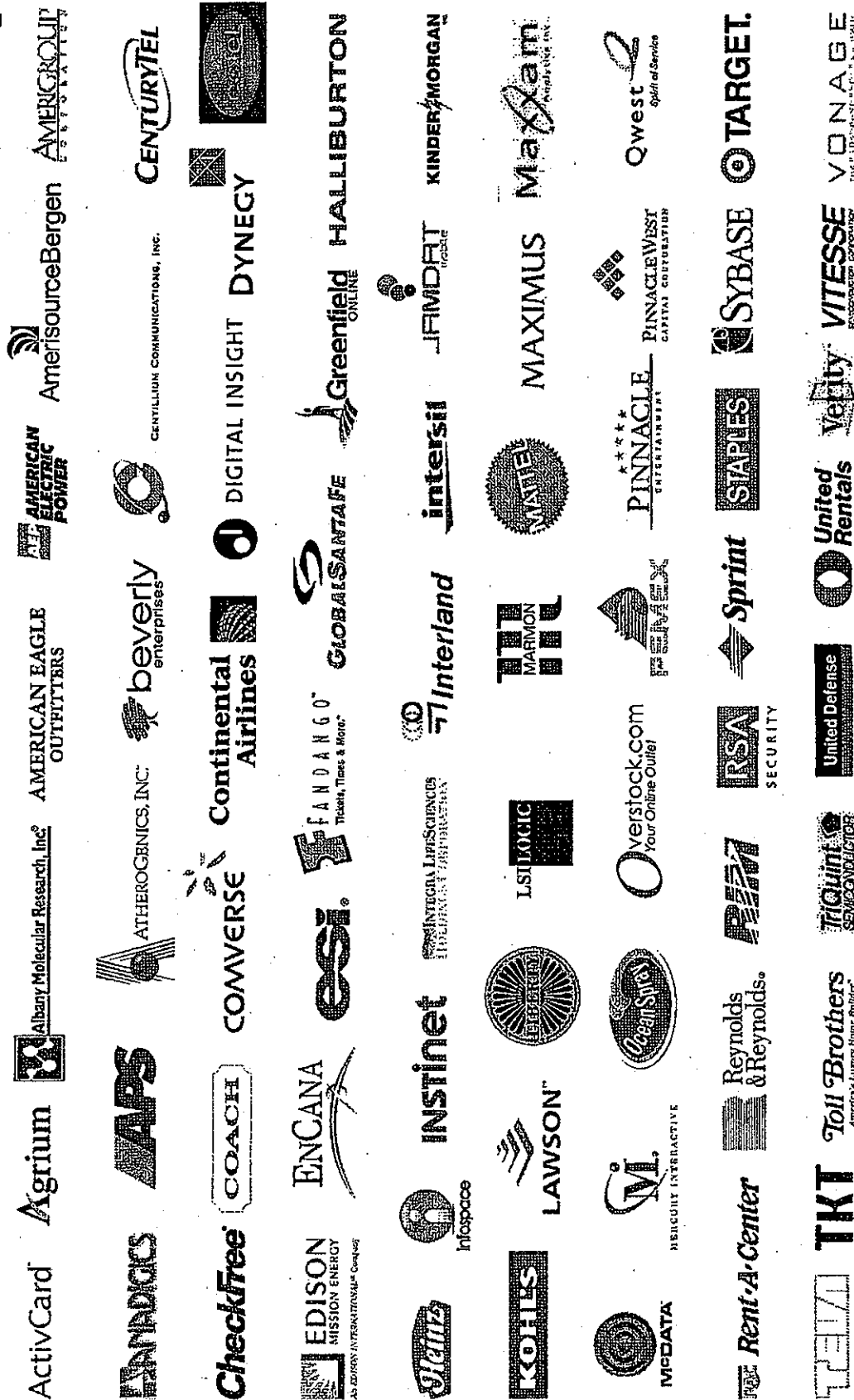
- ◆ #1 Global Commercial Paper dealer
- ◆ Leading Auction Rate Securities dealer (Lehman arranged first ARS deal in 1984)
- ◆ Top 2 U.S. Federal Agency underwriter

## Customer Service

- ◆ Provide "high touch" institutional service
- ◆ Portfolio and holdings report available daily
- ◆ Web-based reporting capabilities
- ◆ Provide detailed in-person portfolio reviews
- ◆ Received unqualified SAS-70 Type II review

1. Source: iMoneyNet; out of 166 First Tier Institutional AAA-rated peer funds.

# Selected Lehman Brothers Cash Management Clients



Note: The above listed entities are not affiliates of Lehman Brothers Holdings Inc. or its subsidiaries.

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# Lehman Brothers: Setting the Standard



**GREENWICH ASSOCIATES\***  
2005 Survey Focused financial intelligence

- No. 1 Overall Quality and Franchise Strength
- No. 1 Overall U.S. Market Share
- No. 1 Overall Research Quality
- No. 1 Overall Trading Quality
- No. 1 Overall Sales Quality
- No. 1 Market Penetration
- No. 1 Electronic Trading

**EuroWeek**  
Review of the Year 2004

**"Most Innovative Bank"**

2005 Awards for Excellence

**EUROMONEY**

**"Best Investment Bank"**

- "Best Debt House USA" "Best Debt House in Italy"
- "Best Debt Credit Derivatives House"
- "Best Debt House North America"
- "Best Debt House Netherlands"

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1<sup>st</sup> Comprehensive

Series of China Xinhua Financial Network

Bond Indices - 2004



2005 Greenwich Associates / Global Custodian Prime Brokerage Survey

- #1 Securities Lending
- #1 Capital Introduction
- #1 Technology
- #1 Operations\*
- #1 Multi-Strategy Funds\*
- #1 Single Strategy Funds
- #1 International Funds
- #1 Fund Size \$100MM-\$1Bn\*

**#1 Best In Class Awards**

**Institutional Investor** 2004 Survey

- #1 Overall U.S. Trading #1 in '03
- #1 Overall U.S. Sales Team
- #1 European Index Provider #2 in '03

2004 Awards

**credit**

- #1 Index Provider
- #1 Portfolio Analytics

**Institutional Investor**

**RESEARCH**

- 2005 No. 1
- 2004 No. 1
- 2003 No. 1
- 2002 No. 1
- 2001 No. 1
- 2000 No. 1
- 1999 No. 3
- 1998 No. 4
- 1997 No. 2
- 1996 No. 1
- 1995 No. 2
- 1994 No. 1
- 1993 No. 1
- 1992 No. 1
- 1991 No. 1
- 1990 No. 1

**IFR**  
INTERNATIONAL FINANCE REVIEW

- "Best U.S. Dollar Bond House"
- "Best U.S. Securitization House"

\* Denotes a tie for first place. Note: Past performance is not indicative of future results

**LEHMAN BROTHERS**

# Preeminent Fixed Income Research

Our Research capability sets us apart, ranked first for six consecutive years and in twelve of the last sixteen years

## Institutional Investor Overall Firm Rankings

Rank	Firm	Total Positions 2005	First Team Positions 2005	2004
1	Lehman Brothers	39	12	14
2	J.P. Morgan	38	9	9
3	CSFB	28	11	7
4	UBS	21	9	8
5	Bear Stearns & Co.	20	7	7
6	Merrill Lynch	19	0	2
7	Banc of America	17	4	4
7	Citigroup	17	2	2
9	Deutsche Bank	10	3	2
10	Morgan Stanley	9	2	2

Note: Past performance is not indicative of future results

## Lehman 2005 First Place Positions

Institutional Investor		All-America Fixed-Income Research Team	
<u>Macro</u>			
Bond Market Indexes		Nicholas Gendron	
Federal Agency Debt Strategy		Priya Misra	
General Strategy		Jack Malvey	
Investment-Grade Strategy		Joan Genirs	
Municipals Strategy		Peter DeGroot	
<u>Investment Grade</u>			
Insurance		Thomas Walsh	
Media & Entertainment		Scott Shiffman	
Telecommunications Services		Scott Shiffman	
<u>High Yield</u>			
Energy		Erik Dybesland	
Food & Beverages		Reza Vahabzadeh	
Technology		Jeff Harlib	
<u>ABS / MBS</u>			
ABS Other		David Heike	
MS/Adjustable-Rate Mortgages		Vikas Shilpiekandula	

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# Leadership Breadth Across the Platform

We hold top-tier market positions across major asset classes

8/1/2005 League Table Summary - Excluding Self-Funding (1)

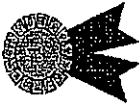

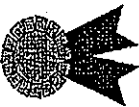
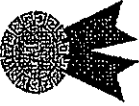
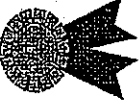
GLOBAL DEBT			US ASSET BACKED DEBT (incl. ABS/HE/CDOs)			EUROPEAN SECURITIZATIONS (incl. CDOs)		
	Proc + OvrAlt.	Mkt sh		Proc + OvrAlt.	Mkt sh		Proc + OvrAlt.	Mkt sh
1 Citigroup	303.3	8.7	2 Citigroup	53.0	8.6	1 Morgan Stanley	17.9	9.3
2 Deutsche Bank AG	232.9	6.7	3 Merrill Lynch & Co Inc	49.4	8.1	2 Barclays Capital	13.4	7.0
4 Morgan Stanley	216.2	6.2	4 Morgan Stanley	45.4	7.4	3 Citigroup	13.0	6.8
5 JP Morgan	208.3	6.0	5 Deutsche Bank AG	44.7	7.3	5 ABN AMRO	11.9	6.2
US INVESTMENT GRADE CORPORATES (LONG TERM)			US ISSUERS: € & £ DENOMINATED ISSUANCE			US PREFERRED STOCK		
	Proc + OvrAlt.	Mkt sh		Proc + OvrAlt.	Mkt sh		Proc + OvrAlt.	Mkt sh
1 Citigroup	63.3	16.0	2 JP Morgan	3.8	10.4	2 Goldman Sachs & Co	1.7	10.2
2 JP Morgan	42.2	10.6	3 Citigroup	3.1	8.3	3 JP Morgan	1.6	9.6
3 Goldman Sachs & Co	41.3	10.4	4 Barclays Capital	2.9	7.8	4 Merrill Lynch & Co Inc	1.5	9.1
4 Banc of America Securities LLC	34.1	8.6	5 Merrill Lynch & Co Inc	2.6	7.2	5 Banc of America Securities LLC	1.4	8.1
US FEDERAL CREDIT AGENCIES (LONG TERM)			US MORTGAGE BACKED DEBT			MUNICIPAL DEBT (Negotiated & Competitive)		
	Proc + OvrAlt.	Mkt sh		Proc + OvrAlt.	Mkt sh		Proc + OvrAlt.	Mkt sh
1 Citigroup	26.1	13.0	1 Bear Stearns & Co Inc	58.5	12.5	1 Citigroup	40.6	15.4
3 Deutsche Bank AG	18.2	9.1	2 UBS	49.5	10.6	2 UBS	30.8	11.7
4 Merrill Lynch & Co Inc	17.4	8.7	4 Royal Bank of Scotland Group	45.8	9.8	3 Merrill Lynch & Co Inc	17.6	6.7
5 JP Morgan	17.0	8.5	5 Banc of America Securities LLC	37.7	8.0	5 Bear Stearns & Co Inc	15.3	5.8

1. Long term denotes 18 months and longer. Full credit to book equal if joint. Includes public and 144a securities. International Bonds excludes pfandbrief and self-issued issues.  
Source: Thompson Financial Inc. for all tables except for European Securitizations and Western Europe \$ Denominated (sourced from Bondware)  
Note: Proc + OvrAlt. is an abbreviation for Proceeds + Over Allotment and is denominated in Billions of Dollars. Note: Past performance is not indicative of future results.

# Leading Commercial Paper Franchise

## 2004 Greenwich Associates Survey

- ◆ Lehman Brothers is considered a top dealer among investors as evidenced by Lehman Brothers' performance in the Greenwich Survey

Category	Estimated CP Market Share (16.7%)	Use Research to Add Value	Useful Direct Access to Traders	Most Comprehensive Dealer	Best Structuring Asset-Backed Commercial Papers
Ranking					
What This Means	<p>Lehman Brothers dominant market presence will provides issuers with the broadest view of the commercial paper market. Lehman Brothers diverse and prominent issuer base allows Lehman Brothers traders insight into market dynamics affecting all segments of the market. This knowledge is transferred to issuers in the most accurate pricing available</p>	<p>Lehman Brothers integrated approach of using Fixed Income Research Analysts to market commercial paper programs provides investors with accurate, insightful, and timely information.</p>	<p>Lehman Brothers traders are in constant dialogue with the investor community. This relationship allows Lehman Brothers traders to convey accurate and timely information issuers on investor demand and behaviour</p>	<p>Lehman Brothers provides the most aggressive markets for its issuers. Lehman Brothers provides issuers with the optimal liquidity available in the market.</p>	<p>Lehman Brothers is the #1 dealer for the fastest growing segment of the market. Lehman Brothers is on the cutting edge of providing financing solutions for both our Asset-Backed Commercial Paper clients as well as our corporate issuers</p>

LEHMAN BROTHERS

# A leader for Global Commercial Paper Programs

Lehman Brothers is the #1 ranked Global Commercial Paper dealer <sup>(1)</sup>

## Global Ranking Based on Issuance Outstanding <sup>(2)</sup>

	Firm	Outstanding <sup>(2)</sup>
1	Lehman Brothers	825
2	Goldman Sachs	212
3	Merrill Lynch	186
4	JP Morgan Chase	152
5	Salomon Smith Barney	89
6	Morgan Stanley Dean Witter	81
7	Credit Suisse First Boston	71
8	Bank of America Securities	70
9	Deutsche Bank AG	59
10	Bank One Capital Markets, Inc.	57
11	UBS	30

## Global Ranking Based on Number of Programs

	Firm	Programmes
1	Goldman Sachs	856
2	Lehman Brothers	851
3	Citibank/ Salomon Smith Barney	803
4	Merrill Lynch	695
5	JP Morgan Securities	500
6	Deutsche Bank AG	456
7	UBS	394
8	Bank of America Securities	385
9	Credit Suisse First Boston	327
10	Morgan Stanley Dean Witter	309
11	Barclays Capital	306

1. Source: Lehman Brothers, Bloomberg, CPWare, September 2004  
2. USD in billion

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**Lehman Brothers Client Reporting Sample Pages**

## Portfolio Reporting

- ◆ Comprehensive report delivered on the 1<sup>st</sup> business day following your monthly close which includes (1)
  - Cash Account Activity and Earnings Summary
  - Investment Classification (Taxable, Tax-free, DRD etc.)
  - Amortization Schedule (Premiums and Discounts)
  - Maturity Schedule (0-90 days, 90-180 days, over 180 days etc.)
  - Accrued Interest Summary (including pre-paid interest)
  - Breakdown of current period dividend/interest income
  - Positions are marked-to-market daily by two independent pricing agencies
- ◆ Electronic confirmations generated for each transaction
- ◆ Well-versed reporting specialists to answer questions
- ◆ Online access to account activity and holdings

### Custodian Services

- ◆ Free safekeeping of securities
- ◆ Easily accessible account balance information
- ◆ Collection, reporting and distribution of interest and dividend income

### Research

- ◆ Access to Lehman Brothers' proprietary fixed income and equity research, market indices etc.

1. Please note that the report could be customized to incorporate any additional accounting information you might need.

LEHMAN BROTHERS

11

Lehman Brothers

## Portfolio Summary - Settled Trades

## Security Type

August 27, 2005 - September 26, 2005  
30 Days in the Period

Sec Category	Security Type	Total Cost	Book Value	Market Value	Accrued Interest	Earned Interest	Interest Received	Amortization/ Accretion	Unrealized Gain/Loss	Avg WAM	Avg YTM	Fd. Assets
<b>Cash</b>												
	CASH AND SWEEP FUNDS	770,939.10	770,939.10	770,939.10	5,397.91	10,731.83	5,433.92	0.00	0.00	1	2.468	0.4
	<b>Totals Cash</b>	770,939.10	770,939.10	770,939.10	5,397.91	10,731.83	5,433.92	0.00	0.00	1	2.468	0.4
<b>Taxable Securities</b>												
	AUCTION RATE SECURITIES - TAXABLE	6,025,000.00	6,025,000.00	6,025,000.00	55,731.25	22,593.75	0.00	0.00	0.00	1,018	4.500	3.5
	<b>Totals Taxable Securities</b>	6,025,000.00	6,025,000.00	6,025,000.00	55,731.25	22,593.75	0.00	0.00	0.00	1,018	4.500	3.5
<b>Tax-Exempt Securities</b>												
	AUCTION RATE SECURITIES - TAX EXEMPT	94,921,295.00	94,950,000.00	94,950,000.00	319,617.35	122,784.73	108,402.91	0.00	0.00	32	2.562	54.4
	<b>Totals Tax-Exempt Securities</b>	94,921,295.00	94,950,000.00	94,950,000.00	319,617.35	122,784.73	108,402.91	0.00	0.00	32	2.562	54.4
<b>Tax-Advantaged Securities</b>												
	AUCTION RATE SECURITIES - TAX ADVANTAGED	72,700,000.00	72,700,000.00	72,700,000.00	220,806.02	182,731.94	102,986.72	0.00	0.00	44	3.018	41.7
	<b>Totals Tax-Advantaged Securities</b>	72,700,000.00	72,700,000.00	72,700,000.00	220,806.02	182,731.94	102,986.72	0.00	0.00	44	3.018	41.7
	<b>Grand Total</b>	174,657,234.10	174,685,939.10	174,685,939.10	600,545.53	333,110.25	216,812.55	0.00	0.00	77	2.819	100.0

Realized Gain/Loss 0.00  
 Weighted Average YTM 2.819  
 Weighted Average Tax-Equivalent YTM 0.050  
 Weighted Average Maturity (Days) 71  
 Total Portfolio Value 175,046,811.83

1

LEHMAN BROTHERS

12

Lehman Brothers  
INTEREST ACCRUALS

From 08-27-05 To 09-26-05

Security Symbol	Description	Beginning Accrued Interest	Purchased Interest	Sold Interest	Interest Received	Earned Interest	Ending Accrued Interest	Amortization/ Accretion
AUCTION RATE SECURITIES - TAX EXEMPT								
882716443060	Texas State Gto Savrs-Ser B-1	88,288.89	0.00	0.00	0.00	18,266.87	100,555.56	0.00
196473850060	Colorado Hth Fac Auth Rev Sav	0.00	0.00	0.00	0.00	585.00	585.00	0.00
25483961060	District Columbia Rev Savrs Rf	6,077.40	0.00	0.00	-19,178.08	16,569.86	3,419.18	0.00
520453910060	Lamarckburg Ind Polun Ctl R	9,400.00	0.00	0.00	-18,277.78	15,811.11	6,933.33	0.00
452006350060	Illinois Hth Fac Au Rv Savr R	2,147.95	0.00	0.00	0.00	16,109.58	18,257.53	0.00
79765697060	San Francisco Calif City & Rev	0.00	33,133.33	0.00	0.00	-17,266.66	15,866.67	0.00
649845815060	New York State Energy Rev & De	15,831.11	0.00	0.00	0.00	18,266.67	34,097.78	0.00
12134313060	Burke Cnty Ga Dev Auth Pollun	11,333.33	0.00	0.00	-19,833.33	17,066.67	8,566.67	0.00
575231675060	Massachusetts St Dev Fin Agy R	12,020.55	0.00	0.00	0.00	8,013.70	20,034.25	0.00
92428244060	Virginia Student Assistance Co	0.00	49,807.67	0.00	0.00	9,863.01	59,550.68	0.00
13033644060	California Hsg Fin Agy Rev Sav	11,387.67	0.00	0.00	0.00	14,234.58	25,622.25	0.00
57583627060	Massachusetts St Health & Edl	14,601.57	0.00	0.00	-19,910.96	8,860.27	3,550.68	0.00
67752525060	Ohio St Air Quality Dev Auth A	9,800.00	0.00	0.00	-18,055.56	16,420.00	7,164.44	0.00
64123-309000	Neuberger Berntin Calif Inter M	34,775.00	0.00	0.00	-2,470.40	-32,304.60	0.00	0.00
64124p309000	Neuberger Bernusa Inter Fd Inc	6,221.25	0.00	0.00	-9,676.80	12,288.88	8,333.33	0.00
		221,834.52	82,821.00	0.00	-108,402.91	123,784.74	319,037.35	0.00

AUCTION RATE SECURITIES - TAXABLE  
8341364p4060 County Of Solano N/a 7/9/2008

33,137.50	0.00	0.00	0.00	22,593.75	55,731.25	0.00
33,137.50	0.00	0.00	0.00	22,593.75	55,731.25	0.00

AUCTION RATE SECURITIES - TAX ADVANTAGED

502316305000	Exxon Project Investment Corp	9,333.33	0.00	0.00	-19,055.50	11,701.34	1,979.17	0.00
338480205000	Preferred Income Pfd Fd Inc Mo	1,860.00	0.00	0.00	0.00	18,600.00	20,460.00	0.00
338920200000	Fleet Funding Corp Money Marke	30,341.11	0.00	0.00	-31,632.16	19,366.61	18,075.56	0.00
361574823000	Ga Capital Preferred Asset Cox	3,333.33	0.00	0.00	0.00	20,000.00	23,333.33	0.00
369627782000	General Electric Capital Corp	11,160.00	0.00	0.00	0.00	18,600.00	29,760.00	0.00
410136204000	John Hancock Patriot Premium D	23,128.50	0.00	0.00	-25,184.48	15,954.42	13,898.44	0.00
410136201000	John Hancock Patriot Select Dt	6,942.22	0.00	0.00	0.00	18,933.34	25,875.56	0.00
525179185000	Lehman Bros Inc Cust Repts Bk	8,340.00	0.00	0.00	0.00	13,916.67	22,266.67	0.00
525179359000	Lehman Bros Inc Cust Repts Bk	19,519.17	0.00	0.00	0.00	9,925.00	29,444.17	0.00
525179524000	Lehman Bros Inc Cust Repts Bk	401.11	0.00	0.00	0.00	6,016.67	6,417.78	0.00
525186397000	Lehman Bros Inc Cust Repts Pfd	24,545.83	0.00	0.00	-27,114.58	8,256.35	5,687.50	0.00

LEHMAN BROTHERS

Lehman Brothers

**Current Portfolio - Settled Trades**  
**Categorized By Holding Period**  
**All Positions**  
**August 27, 2005 - September 26, 2005**  
**30 Days in the Period**

Cusip	S&P	Moody	Quantity	Settle Date	Maturity Date	HP	YTM	Cost	Total Premium	Interest Paid	Accrued Interest	Earned Interest	Interest Received	Amort/Amort	Book Value	Marked Value	Unrealized Gain/Loss	Pct. Assets
<b>Multiple Lots in Position</b>																		
<b>General Electric Capital Corp Variable Pfd Sls Ser Q</b>																		
2,750 Due <Perpetual>			3,000,000	12/10/04	09/28/05	49	2.750	3,000,000.00		0.00	11,160.00	6,975.00	0.00	0.00	3,000,000.00	3,000,000.00	0.00	1.72
369827782 AA Aa2				08/10/05		2	2.750	0.00	0.00	0.00								
<b>General Electric Capital Corp Variable Pfd Sls Ser Q</b>																		
2,750 Due <Perpetual>			2,000,000	01/26/05	08/28/05	49	2.750	2,000,000.00		0.00	7,440.00	4,850.00	0.00	0.00	2,000,000.00	2,000,000.00	0.00	1.15
369827782 AA Aa2				08/10/05		2	2.750	0.00	0.00	0.00								
<b>General Electric Capital Corp Variable Pfd Sls Ser Q</b>																		
2,750 Due <Perpetual>			3,000,000	06/22/05	09/28/05	49	2.750	3,000,000.00		0.00	11,160.00	6,975.00	0.00	0.00	3,000,000.00	3,000,000.00	0.00	1.72
369827782 AA Aa2				08/10/05		2	2.750	0.00	0.00	0.00								
<b>Subtotal Position</b>																		
			8,000,000					8,000,000.00		0.00	29,760.00	18,800.00	0.00	0.00	8,000,000.00	8,000,000.00	0.00	4.59
<b>Multiple Lots in Position</b>																		
<b>Texas State Gto Savs-Ser B-1 &amp; B-2</b>																		
2,740 Due 09-30-11			2,000,000	04/08/04	10/04/05	182	2.740	2,000,000.00		0.00	26,638.89	4,568.67	0.00	0.00	2,000,000.00	2,000,000.00	0.00	1.15
882715vx8 AA Aa1				04/05/05		8	2.740	0.00	0.00	0.00								
<b>Texas State Gto Savs-Ser B-1 &amp; B-2</b>																		
2,740 Due 09-30-11			2,000,000	10/05/04	10/04/05	182	2.740	2,000,000.00		0.00	26,638.89	4,568.67	0.00	0.00	2,000,000.00	2,000,000.00	0.00	1.15
882715vx8 AA Aa1				04/05/05		8	2.740	0.00	0.00	0.00								
<b>Texas State Gto Savs-Ser B-1 &amp; B-2</b>																		
2,740 Due 09-30-11			4,000,000	04/05/05	10/04/05	182	2.740	4,000,000.00		0.00	53,277.78	9,133.34	0.00	0.00	4,000,000.00	4,000,000.00	0.00	2.29
882715vx8 AA Aa1				04/05/05		8	2.740	0.00	0.00	0.00								
<b>Subtotal Position</b>																		
			8,000,000					8,000,000.00		0.00	106,555.56	18,266.63	0.00	0.00	8,000,000.00	8,000,000.00	0.00	4.59

2

LEHMAN BROTHERS

14

Lehman Brothers

Current Portfolio - Settled Trades

Categorized By Holding Period

All Positions

August 27, 2005 - September 26, 2005  
30 Days in the Period

Security	Quantity	Settle Date	Maturity Date	HP	Coupon Rate	Total Cost	Interest Paid	Interest In Period/Outstanding	Earned Interest	Interest Received	Accum. Amort/Amort	Book Value	Market Value	Unrealized Pct. Gain/Loss	Assets
Crusp	S&P	Moody	From	DR	YTM	Premium Paid									
Ge Capital Preferred Asset Corp Money Market Ser M															
3,000 Due <Perpetual>	3,000,000	03/29/05	10/10/05	48	3.000	3,000,000.00	0.00	8,750.00	7,500.00	0.00	0.00	3,000,000.00	0.00	1.72	
36157w823 AA	Aa3		08/23/05	14	3.000	0.00	0.00				0.00	3,000,000.00	0.00		
Subtotal Position															
	3,000,000					3,000,000.00	0.00	23,333.33	20,000.00	0.00	0.00	3,000,000.00	0.00	4.59	
Vermont Student Assistance Corp Ed In Rev Vars-Savir-Sr Ser U															
2,500 Due 12-15-34	2,500,000	09/09/05	10/12/05	33	2.500	2,500,000.00	-49,687.67	59,550.68	9,863.01	0.00	0.00	2,500,000.00	0.00	4.59	
924284 AAA	N.R.		06/15/05	16	2.500	0.00	-49,687.67				0.00	2,500,000.00	0.00		
Multiple Lots in Position															
Massachusetts St Dev Fin Agcy Rev Savir-Bendley College															
1,950 Due 07-01-33	4,100,000	10/16/03	10/13/05	364	1.950	4,100,000.00	0.00	16,428.08	6,571.23	0.00	0.00	4,100,000.00	0.00	2.35	
57583473 AAA	Aaa		07/14/05	17	1.950	0.00	0.00				0.00	4,100,000.00	0.00		
Subtotal Position															
	4,100,000					4,100,000.00	0.00	16,428.08	6,571.23	0.00	0.00	4,100,000.00	0.00	2.35	
Massachusetts St Dev Fin Agcy Rev Savir-Bendley College															
1,950 Due 07-01-33	900,000	10/14/04	10/13/05	364	1.950	900,000.00	0.00	3,606.16	1,442.46	0.00	0.00	900,000.00	0.00	0.52	
57583473 AAA	Aaa		07/14/05	17	1.950	0.00	0.00				0.00	900,000.00	0.00		
Subtotal Position															
	900,000					900,000.00	0.00	20,034.24	8,013.49	0.00	0.00	900,000.00	0.00	2.87	
Multiple Lots in Position															
Preferred Income Pfd Ed Inc Money Mkt Pfd Sub															
2,790 Due <Perpetual>	5,000,000	12/23/04	10/13/05	49	2.790	5,000,000.00	0.00	12,787.50	11,625.00	0.00	0.00	5,000,000.00	0.00	2.87	
339480205 N.R.	Aa1		08/25/05	17	2.790	0.00	0.00				0.00	5,000,000.00	0.00		
Subtotal Position															
	5,000,000					5,000,000.00	0.00	12,787.50	11,625.00	0.00	0.00	5,000,000.00	0.00	2.87	

## Cash Management

Income from municipal securities may be subject to state and local income taxes and to the Alternative Minimum Tax (AMT). This information does not constitute tax advice. Neither Lehman Brothers nor its employees render tax or legal advice. Investors should consult their own tax advisor or attorney with regard to their personal tax situation. Call features may exist which could affect yield; complete information will be provided upon request. Municipal securities offerings are subject to changes in price and or availability. For more information regarding a specific municipal security, please consult the Official Statement.

Portfolios that invest in very short-term securities provide taxable or tax-advantaged current income, pose little risk to principal and offer the ability to convert the investment into cash quickly. These investments may result in a lower yield than would be available from investments with a lower quality or longer term.

Treasury securities are backed by the full faith and credit of the United States Government as to the timely payment and principal and interest. A bond's value may fluctuate based on interest rates, market conditions, credit quality and other factors. You may have a gain or loss if you sell your bonds prior to maturity. Of course, bonds are subject to the credit risk of the issuer.

CDs are FDIC insured as to principal and interest, and offer a fixed rate of return, while the return and principal value of other investments will fluctuate.

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Rate Sheet

	1 Month		3 Month		6 Month		1 Year	
	Pre-Tax	After-Tax	Pre-Tax	After-Tax	Pre-Tax	After-Tax	Pre-Tax	After-Tax
Instl Prime Obligations Fd	5.18	3.07	5.18	3.07				
Tax Free Money Market	3.61	3.40	3.61	3.40				
Taxable SAVR (35 Day - 3 Month)	5.20	3.08	5.23	3.09	5.23	3.09	5.23	3.09
Tax Exempt VRDN (35 Day - 3 Month)	3.80	3.58	3.82	3.60	3.80	3.60	3.80	3.60
US Treasuries	4.79	3.11	4.78	3.11	4.97	3.23	5.07	3.30
US Gov't Agency Bullet	5.29	3.44	5.35	3.48	5.33	3.46	5.30	3.45
US Gov't Agency (NC 3mo)	--	--	--	--	5.50	3.58	5.30	3.45
AAA Corporates	--	--	5.40	3.20	5.40	3.20	5.35	3.17
GM Municipals (<1yr =vrdrn/1 yr = GM)			3.82	3.60	3.82	3.60	3.65	3.65

After-tax yields assume Federal tax of 35% and 8.97% New Jersey state tax.

12/18/2007



	1 Month		6 Month		1 Year		2 Year		5 Year	
	Pre-Tax	After-Tax	Pre-Tax	After-Tax	Pre-Tax	After-Tax	Pre-Tax	After-Tax	Pre-Tax	After-Tax
NY Muni Money Fd	2.62	/ 2.62								
Treasury Obligations Fd	4.32	/ 3.11								
Prime Obligations Fd	4.43	/ 2.65								
Tax Exempt SAVR (7Day)	3.05	/ 3.05								
Tax Exempt SAVR (35 Day)	3.10	/ 3.10								
US Treasuries	4.40	/ 3.17	4.68	/ 3.37	4.65	/ 3.35	4.60	/ 3.31	4.53	/ 3.26
US Gov't Agencies (NC 3mo)	4.39	/ 3.16	4.65	/ 3.35	4.75	/ 3.42	4.85	/ 3.49	4.90	/ 3.53
AAA Corporates	--		4.90	/ 2.93	4.90	/ 2.93	4.92	/ 2.94	4.98	/ 2.98
NYC Municipals	--				3.25	/ 3.25	3.30	/ 3.30	3.45	/ 3.45
Municipals GM					3.30	/ 3.04	3.36	/ 3.09	3.54	/ 3.26

After-tax yields assume combined NYC and AMT tax rate of 40.15%

## Our Team and Our Values

### Who We Are

Our team is comprised of 10 individuals, 6 professionals, 2 analysts and 2 assistants. The three senior partners each have over twenty years of experience in the business. The clients that we work with say that we bring to them an unparalleled level of wealth management expertise and service when addressing their needs.

### Underlying principles of what we do

- We are relationship-oriented, not transaction-oriented. We look at all interactions as setting the foundation for a longer-term relationship.
- Clients and their advisors expect communication, expertise and confidentiality and we deliver on their expectations.
- Our focus is on the big picture, and we are also detailed oriented. We take ownership of a client's issues and accountability is at the team level.

### Our approach to working with clients

Our approach is simple. We partner with our clients and their advisors and put them at the center of everything we do. We provide them with our best intellectual capital by maximizing all of the resources of the firm to help them achieve their objectives. We are relentless about advice, execution and service.

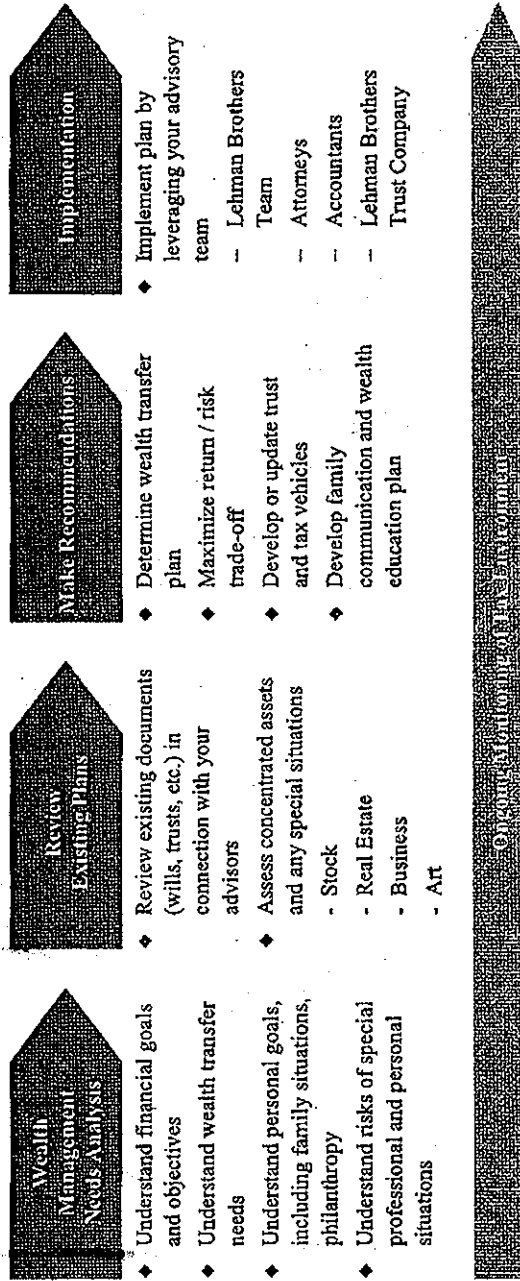
LEHMAN BROTHERS

Wealth Advice

## Our Approach to Wealth Management Advice

Wealth Advice

Our team, including our legal and accounting professionals, work with you and your advisors, through a tailored process, to develop a plan to manage your risk and help preserve and enhance your wealth



- ◆ Monitor tax and estate law changes and communicate significant events to your Investment Representative
- ◆ Review and make adjustments to comprehensive wealth management plan in response to tax and estate law, personal and familial changes

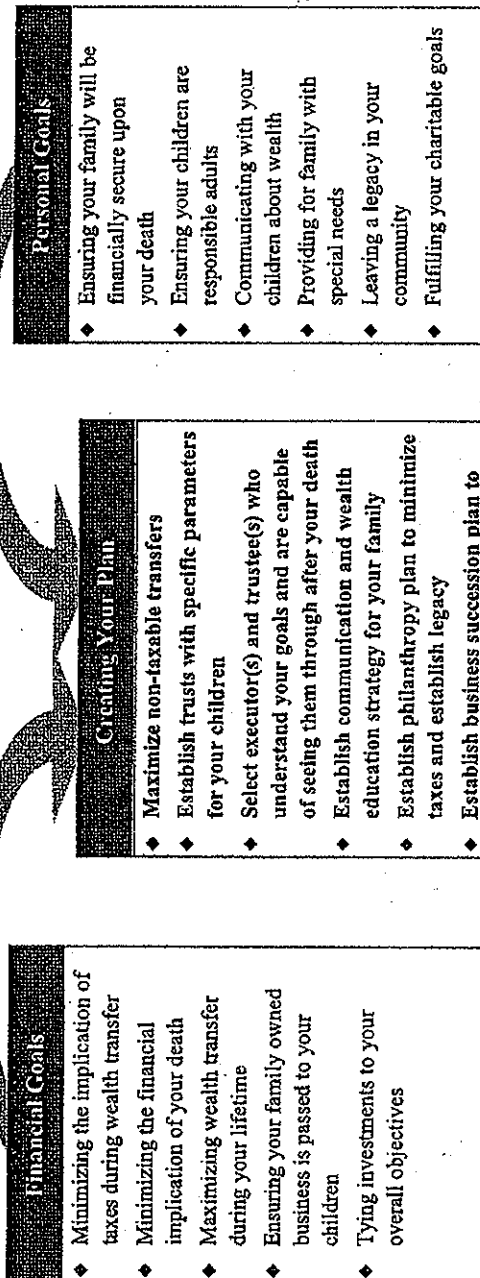
- ◆ Ongoing family communication and wealth education assistance

Notes: Neither Lehman Brothers Inc. nor its employees provide tax or legal advice. Please consult with your accountant, tax advisor and / or attorney for advice concerning your particular circumstances. Depending on the type of account that you have with Lehman Brothers Inc., the services discussed may combine the capabilities of the Wealth Advisory group of Lehman Brothers Inc. with the Lehman Brothers Trust Company N.A.

LEHMAN BROTHERS

# An Efficient Wealth Management Plan

**Wealth Advice**  
After understanding your issues and discussing the options, we work with you and your advisors to create a tax-efficient wealth management plan that balances your financial and personal goals



## Your Wealth Management Plan

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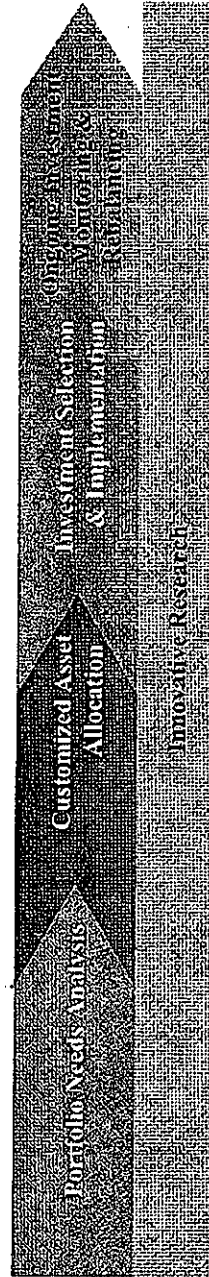
**Portfolio Advice and Asset Management**

## The Ingredients of Sound Portfolio Advice

Portfolio Advice and Asset Management

Our Portfolio Advisory team includes specialists, economists, investment managers, analysts and third-party consultants who work together, guided by proven, research-based processes, to develop your comprehensive portfolio strategy

### Our Portfolio Advisory Process



LEHMAN BROTHERS

## Understanding Your Portfolio Needs

Portfolio Advice and Asset Management

In working with you to set the foundation for your comprehensive investment strategy, we assess your risk tolerance and your investment objectives and constraints

Qualitative Factors	
<ul style="list-style-type: none"> <li>♦ Investment Objectives                             <ul style="list-style-type: none"> <li>- Goals for current holdings</li> <li>- Time horizon</li> <li>- Ability to cover:                                     <ul style="list-style-type: none"> <li>- Income, liquidity and family needs</li> <li>- Major expenditures and upcoming financial events</li> <li>- Planned giving</li> <li>- Tax, trust and estate considerations</li> <li>- Capital gains tax liabilities</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>♦ Risk Tolerance                             <ul style="list-style-type: none"> <li>- Tolerance for volatility and loss</li> <li>- Expectations for performance</li> </ul> </li> <li>♦ Investment Constraints                             <ul style="list-style-type: none"> <li>- Significant exposure to a single company</li> <li>- Ownership of private equity and real estate interests</li> <li>- Select asset class, company or sector aversion</li> </ul> </li> </ul>



Your Portfolio Needs  
Assessment

- ♦ Based on qualitative factors, we set parameters for your portfolio geared toward optimizing your asset allocation and portfolio strategy

Note: Neither Lehman Brothers Inc. nor its employees render tax or legal advice. Please consult your accountant, tax adviser and/or attorney for advice concerning your particular circumstances.

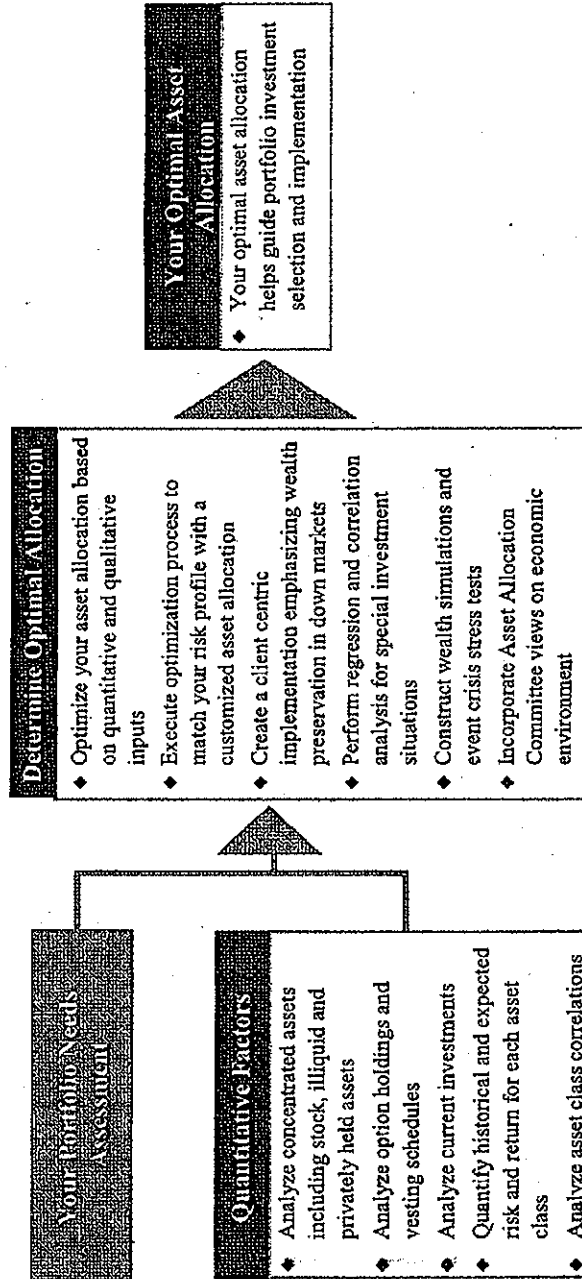
LEHMAN BROTHERS



## Creating a Customized Asset Allocation

Portfolio Advice and Asset Management

Our Portfolio Advisory team balances the results of your portfolio needs assessment with several quantitative factors to determine the optimal asset allocation for you



Note: Neither Lehman Brothers Inc. nor its employees render tax or legal advice. Please consult your accountant, tax adviser and/or attorney for advice concerning your particular circumstances.

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## Investment Selection and Implementation

Portfolio Advice and Asset Management

Guided by your optimal asset allocation, we evaluate investment solutions on our platform to build a well-diversified portfolio designed to help you meet your objectives

### Selecting Investments for Your Portfolio

- ◆ Review optimal asset allocation against current portfolio to identify asset class and style gaps
- ◆ Analyze managers and products on platform to determine potential role in portfolio
- ◆ Select complementary managers and products that conform to parameters set by asset allocation
- ◆ Look outside the Firm or develop new solutions to meet specific needs not addressed by the platform
- ◆ Analyze manager holdings to mitigate investment overlap in portfolio
- ◆ Identify and plan for tax implications of portfolio realignment

### Your Optimal Asset Allocation

### Your Recommended Portfolio

- ◆ An optimal combination of investments and managers whose style and objectives are in line with your asset allocation

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## Open Architecture Traditional Asset Management

Portfolio Advice and Asset Management

We offer customized traditional investment management based on tax situation, risk tolerance, liquidity needs and more

### Top-Rated Proprietary Solutions

- ◆ Neuberger Berman
  - One of the oldest, most respected names in money management
  - Full spectrum of asset classes, investment styles and capitalization ranges
  - Managers average over 26 years of experience and, in many cases, are in the top quartile of their peer group
- ◆ Fixed Income
  - Specialists will create customized laddered portfolios for active management
- ◆ Cash management
  - We offer funds and customized portfolios
  - Manage global diversified investments intended to provide liquidity and at a low-fee
- ◆ Specialty Investment Management
  - To diversify traditional portfolios and increase risk-adjusted return
  - Includes Real Estate Investment Trusts, Master Limited Partnerships and Commodities

### Global Network of Non-Proprietary Solutions

- ◆ Access to a global network of exclusive, boutique managers
  - Highly focused platform of world-class investment managers and selected unaffiliated managers
  - Unique access to a select group of limited availability managers representing a broad range of asset classes and strategies
  - Thorough manager selection process by our internal research group and an independent consultant to ensure an in-depth understanding of each manager and to provide objectivity
  - Selection criteria focus:
    - Best-in-class managers operating on a smaller scale with a focus on HNW clients
    - Managers who generate alpha and are not constrained by style box
    - Managers with strong fund management fundamentals and an impressive track record

Note: The strategies and funds listed here carry different risks and rewards. Please consult your Lehman Brothers Investment Representative to determine which investments are right for you.

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## Alternative Investments

Portfolio Advice and Asset Management

Depending on your objectives and risk tolerance, it may be appropriate to include alternative investments in your portfolio; we leverage the Firm's strength in alternative investment management to develop your portfolio of alternatives

- ♦ Access to exclusive investment opportunities including private equity and real estate partnerships and hedge funds
- ♦ Diversification and downside protection in declining markets through noncorrelated returns
- ♦ Potential for an enhanced risk-return profile, featuring attractive returns with reduced volatility
- ♦ Active private equity investor since 1984 with \$16.6 billion in committed capital since inception<sup>1</sup>
- ♦ 25% of committed capital is from Lehman Brothers and its employees, reflecting our aligned interest with clients
- ♦ Special expertise in a broad range of private equity asset classes, providing diversified exposure
- ♦ Wide range of affiliated and non-affiliated private equity funds of funds
- ♦ Proprietary deal flow provides access to exclusive investment opportunities
- ♦ The institutional and speculative nature of alternative investments means thorough due diligence is required before investing in alternative investments
- ♦ Lehman Brothers employs a research group who focus solely on alternative investments
- ♦ Before we recommend a third party alternative investment we take the following steps
  - Background check on the company and all key people in the fund
  - Legal review of all documents, the firm and the fund structure
  - On-site review to ensure proper controls and independence
  - Service provider diligence on funds administrator, prime broker and auditor
- ♦ This is a continuous process – all funds are evaluated on a regular cycle

<sup>1</sup> As of 3/1/06.  
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## Ongoing Investment Monitoring and Rebalancing

Portfolio Advice and Asset Management

We monitor your portfolio and your situation, adjusting as necessary to keep the two in alignment. We also rigorously monitor our investment managers to ensure they adhere to their stated strategy and are meeting performance expectations

